

R E P O R T

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

JUNE 30, 2013 AND 2012

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

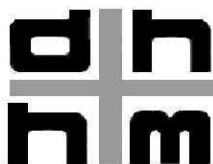
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INDEPENDENT AUDITOR'S REPORT

December 18, 2013

Board of Trustees of the
Sheriffs' Pension and Relief Fund
State of Louisiana
1225 Nicholson Drive
Baton Rouge, Louisiana 70802

We have audited the accompanying financial statements of the Sheriffs' Pension and Relief Fund, a component unit of the State of Louisiana, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sheriffs' Pension and Relief Fund, as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's Pension and Relief Fund's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the Sheriffs' Pension and Relief Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriffs' Pension and Relief Fund's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

The Management's Discussion and Analysis of the Sheriffs' Pension and Relief Fund (Fund or LSPRF) financial performance presents a narrative overview and analysis of the Sheriffs' Pension and Relief Fund's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Sheriffs' Pension and Relief Fund's financial statements which begin on page 15.

Economy and the Global Investment Markets for Fiscal Year 2013

U. S. and global economies and investment markets were very resilient in overcoming many concerns and problems encountered during this fiscal year. Of major concern throughout the year was the Federal Reserve's monetary policy and the continued use of quantitative easing (QE) used to attempt to stimulate the economy. This brought disagreement over the effectiveness of the QE program, the fears as to the timetable for tapering off and ending quantitative easing and the effect those actions would have on the economy and markets. This resulted in market volatility throughout the year, with no certain answers at the time.

Other concerns centered on the congressional debates and gridlock over the U. S. debt ceiling, the sequester and the threats of a potential "fiscal cliff" with a possible U. S. debt default. In addition, global issues and political unrest in certain regions affected both U. S. and international markets during the year.

Fortunately, the resilience of the capital markets and improving economic reports resulted in substantial improvement in market returns, and continued the trend in recovering from the lingering effects of the deep recession of 2009. Throughout the turmoil of the year, the Sheriffs' Pension and Relief Fund continued to maintain market positions and diversification and was substantially rewarded with a return on investment assets of 13.3%*, comparing very favorably to our peers. The return on investments for this year substantially exceeded the Fund's valuation interest rate, or target rate of return of 7.8%, resulting in a favorable impact on the Sheriffs' Pension and Relief Fund's funding and required employer contribution rates for the 2015 FY.

The LSPRF is an actuarially funded defined benefit Plan designed to be of a perpetual nature. With this in mind, it is informative to consider Plan growth and funding progress relative to prior periods other than the current year. Significant events of prior years include the recessions of 2002 and the effects of the historical recession of 2009 and how the Fund has fared subsequently.

- The Fund's assets have increased from \$820 million in 2002 to \$2.272 billion** at June 30, 2013 or up about 177% over 2002 levels. Measuring from the 2009 recession ending levels, the Fund's assets have increased by approximately \$965 million or 74%.
- Funding results at fiscal year close at June 30, 2013 and recent fiscal years have resulted in a new all-time high in the market value of total Plan assets.
- With actuarial funding methods used to measure funding of the system, the Fund's investment returns and positive cash flow position, total plan assets increased approximately \$305,238,172** over fiscal year ended June 30, 2012.

SHERIFFS' PENSION AND RELIEF FUND
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In subsequent events for the new fiscal year began July 1, 2013, global markets performance has started considerably more favorably than the 2012 – 2013 fiscal year covered in this audit. For the first five months of the new fiscal year ended November 2013, the Fund's investment portfolio has returned an estimated 10.2%. In late December, the Fund's market value of assets has climbed to an estimated \$2.5 billion. Again, this is a new all-time high for the Fund. While there are certainly no guarantees in the markets and economic conditions that this level will hold throughout the current fiscal year, this does provide encouragement that the Fund may experience another favorable year in meeting or exceeding the Fund's target rate of return which would be very significant in the recession recovery and funding progress of the System.

For the remainder of the current fiscal year, there are reasons for optimism and concern. The U. S. market indices such as the Dow and the S&P 500 are sitting at new all-time highs. While this is very positive, it does bring concerns as to whether or not stock fundamentals and economic reports will continue to support or advance these levels, or bring a market correction during the first half of 2014.

The Congressional Budget agreement is positive, but concerns remain on Federal Reserve monetary policy actions and the timing and effect of tapering and ending QE.

The general view is that equity markets will be positive during 2014, but not at the pace experienced in 2013 and the markets will encounter volatility.

*Source Mellon Analytics

** Audited financial statements

Funded Ratio & Advance Payment of Frozen UAL

As the LSPRF is actuarially funded, it is useful to consider data from the Fund's required annual actuarial valuation as well as the audit to provide additional information that is relevant to the progress of the Fund.

The Fund's Net Actuarial Value of Assets to GASB 25 accrued liability continued to improve, with the Plan's funded ratio increasing at June 30, 2013 to 97.22% from fiscal year 2012 level of 96.86%. As stated in previous years' reports, the Board's decision to prepay 23% of the Fund's frozen unfunded accrued liability in fiscal year 2008, after favorable years provided the opportunity, is a major factor in reducing the unfunded liability and providing substantial savings of interest cost over time. This resulted in additional principal reductions in the UAL each year since, including a principal reduction of \$3,173,037 for fiscal year 2013. This has resulted in a reduction in the frozen unfunded liability to \$62,983,756 from the June 30, 2007 level of \$96,251,088, or a reduction of over 34.5% since 2008.

With the principal payments made during the past five years, our Fund's amortization schedule set by the legislature in 1989 is reduced from the legislatively required date of 2029 to eliminate the frozen UAL to June 2023, representing substantial progress.

SHERIFFS' PENSION AND RELIEF FUND
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Changes in Funded Ratio Reporting for FYE June 30, 2014
GASB Statements 67 & 68

Due to the adoption of new funding reporting methods by the Governmental Accounting Standards Board (GASB) effective for the fiscal year ending June 30, 2014, the GASB 25 funded ratio described above will change to a new measure and will no longer be used in actuarial reporting. This change will not impact the actuarial funding or soundness of the Fund but only changes the method of required reporting related to the Plan's liabilities, costs and a different method of reporting the funded ratio.

GASB has adopted Statement 67 which will use new reporting terminology as follows:

- The Fiduciary Net Position = The market value of assets at fiscal year-end.
- The Total Pension Liability = The present value of current members assumed benefits to be paid over members' lifetime, projected out into the future at expected retirement date and life expectancy of members.
- The Net Pension Liability = The Total Pension Liability – the Fiduciary Net Position.

GASB also changed the method of measuring actuarial cost from the Frozen Attained Age Normal Actuarial Cost Method to the Entry-Age Normal Accrued Liability method.

For reporting purposes only, the funded ratio will be expressed as the ratio of the Fiduciary Net Position divided by the Total Pension Liability.

GASB Statement 68 will require each participating employer (sheriffs' offices) to reflect balance sheet reporting of their proportionate share of the Plan's Net Pension Liability, effective for the fiscal year ending June 30, 2015.

Revenue and Benefit Payments Discussion

- The Fund has dedications of special revenues for funding of the Plan. For the 2013 fiscal year, revenues received for the Fund's statutorily dedicated portion from insurance premium tax collections totaled \$15,794,377, an increase of \$166,171 over the prior year. The Fund's receipts of statutorily dedicated ad valorem taxes were \$17,862,122, an increase of \$1,235,290 over fiscal year 2012.
- Contributions to the Plan by employers and members totaled \$147,131,806 for an increase of \$4,488,236 over the prior year. The Fund collected employer contributions at 13.25% for fiscal year 2013, with an allocation of .50% from the Funding Deposit account reserves, compared to 12.5% for the prior year with an allocation of 1.25% from the Funding Deposit account.
- Pension and disability benefits paid to retirees and beneficiaries, as audited by the Fund's auditors totaled \$120,241,247, an increase of \$21,401,615 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members, totaled \$18,250,224 for an increase of \$781,457 from fiscal year 2012.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Revenue and Benefit Payments Discussion (Continued)

- Contributions and other non-investment income exceeded payments for benefits paid to members, refunds, transfers and administrative expenses by \$47,921,055 for fiscal year 2013, a decrease of \$14,490,321 from fiscal year 2012. It is important to note that the Fund has a positive annual cash flow and does not rely on investment income to pay current benefits to members, and is not expected to in the foreseeable future. The number of member retirements, well above average during this year, along with an increase in refunds of contributions for terminating members was largely responsible for the decrease. This is due in part to changes resulting from the four-year election cycle. We expect the change in positive cash flow position to stabilize in the near-term future.

Actuarial and Operational Methods and Funding Progress

Due to the perpetual nature of the LSPRF, the Fund uses actuarial funding methods as prescribed by law to reflect funding progress and prepare to meet liabilities for benefits payments that will be due well out into the future. Actuarial funding is a process where funds are accumulated over the working lifetime of members in a manner to have sufficient assets at retirement to pay for the lifetime benefits accrued by members at the time of their retirement.

- Investment returns are an important component of the funding of the System in order to support benefit levels, fund benefits that will be due in the future, and control employer contribution costs to sheriff's offices, the Plan sponsors.
- To assist in keeping the Plan affordable for employers, the Fund uses the investment markets and assumes a level of risk to meet long-term funding targets. For fiscal year 2013, LSPRF used a valuation interest rate, or assumed long-term rate of return of 7.8% to provide an additional source of funding for the Plan. This rate was reduced from 8% beginning with the 2012 actuarial valuation. This is discussed further in the analysis.
- It is necessary to recognize that the Fund is a long-term investor and is subject to periods of favorable and unfavorable global market conditions. The Fund uses an actuarial smoothing method recommended by our actuaries to help mitigate the impact of volatility in the global markets, and assist in providing more stable annual funding requirements both in times of favorable and unfavorable market conditions.
- The Fund's investment experience is actuarially smoothed over a 5-year period to provide the actuarial rate of return and the actuarial value of assets used to stabilize and determine the effect of investment experience on Plan costs, and set the required employer contribution rates to meet each year's funding requirements.

SHERIFFS' PENSION AND RELIEF FUND
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Actuarial and Operational Methods and Funding Progress (Continued)

Capital markets were favorable during fiscal year 2013 and the Fund ended the year with a return well above the assumed rate of return of 7.8%. During this year, the Fund benefited from the actuarial five-year smoothing method as 2008, the first year of the losses from the recession, was dropped from the five-year smoothing period. This development, along with the favorable investment experience of 2013, helped in lowering the required employer contribution rate for fiscal year 2015. With the actuarial valuation at FYE 2014, the worst year of the recession which was 2009, will be dropped in the five-year smoothing, further favorably impacting the required contribution rate for fiscal year 2016 and further impacting funding progress.

- As audited by the Fund's auditors, the Fund's assets exceeded its non-actuarial liabilities at fiscal year-end 2013 by \$2,272,263,124 representing an increase from last fiscal year's level of \$1,967,024,952. The net assets held in trust increased by \$305,238,172 or 15.5%. This compares to an increase of \$59,078,500 or 3.1% in an unfavorable investment market for fiscal year 2012.
- As explained in the funding methods discussion, the conversion from market value to actuarial asset values, results in an actuarial asset value of \$2,203,646,722 for fiscal year 2013, as compared to the 2012 value of \$2,042,809,526, representing an increase of \$160,837,196.

The very favorable experience of 2013, along with favorable investment experience in three of the past four years coming out of the severe recession of 2009 has assisted in funding progress and favorably impacting the required employer contribution rate, with a reduction of .50% in the required rate for the 2015 fiscal year to begin July 1, 2014.

Capital Market Assumptions and Impact on Funding Methods

Capital market assumptions are projections of expected investment returns of various asset classes over time. These assumptions are formulated by economists in major financial institutions, including our consultants, Russell Consulting. Assumptions change periodically with changes in the economic outlook and events and conditions that may affect financial markets in the longer-term.

These assumptions are relevant as they may affect decisions on investment asset allocations considered by the Board, as well as assumptions used by our actuaries in decisions impacting the funding of the System. Primarily, these assumptions impact the valuation interest rate, or the target rate of return the Fund assumes in the long-term funding of the System. For many years, LSPRF used a target rate of return of 8%.

Currently, Capital Market Assumptions are reflecting a more conservative outlook for market rates of return that may not consistently support an 8% assumption for the intermediate-term future without assuming levels of market risk that could unfavorably impact the Fund in down years. LSPRF maintains a conservative investment allocation plan to avoid taking undue risk.

SHERIFFS' PENSION AND RELIEF FUND
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Capital Market Assumptions and Impact on Funding Methods (Continued)

As a result, the Board of Trustees adopted a plan beginning with the 2012 actuarial valuation to reduce the Fund's assumed rate of return by .10% each year until the Fund has reached an assumed return of 7.5%. As the assumed rate is a funding component of the System, reductions in the rate impact the assumptions of the Plan's liabilities and impact the contribution rate depending on each year's investment returns and liability experience. For the fiscal year ended 2013, the Fund used an assumed rate of return of 7.8%, and as previously noted in the discussion, the Fund's market rate of return was favorable and substantially exceeded the 7.8% target.

While the initial impact of this change is an increase in the contribution rate for 2013, over time, the potential for positive impacts on the Fund are substantial, as follows:

- The lower target rate of return enhances the Fund's ability to meet or exceed the target, increasing actuarial gains in favorable years when investment returns exceed the target, as experienced in fiscal year 2013, which assists in lowering the fiscal year 2015 required contribution rate.
- Actuarial gains achieved from exceeding the target rate provide the potential to reduce contribution rates over time, and the potential to provide reserves in the LSPRF Funding Deposit Account.
- Lessens actuarial losses in periods of unfavorable market experience.
- Combined with the annual savings from the Fund's pension benefits achievements, may enhance the Fund's ability to assist retired members more reliably during sustained periods of favorable market conditions in the future.

Operational Methods and Required Contribution Rates

LSPRF utilizes a Funding Deposit Account (FDA) created by the Board to accumulate reserves during periods of favorable years that are authorized to be used to offset increases in the employer contribution rates during periods of unfavorable market and actuarial conditions. Funds from this reserve account have been used for the past 4-years to reduce the impact of the severe recession of 2008-2009 on the rising employer contribution rates, resulting in a favorable impact on sheriffs' offices budgets and funding at the local level, as contribution rates increased each year resulting from the recession.

For the 2013 fiscal year covered by this audit, the actuarially required employer contribution rate was set at 13.75%. With the Board's advanced planning in creating the FDA, the employer contribution rate actually collected was 13.25%, with the remaining .50% allocated from the FDA.

For the fiscal year 2014, the required employer rate was 14.75%. This was reduced by .61% with an allocation from the FDA, lowering the rate to be collected to 14.14%. In addition, the LSPRF Board and the Louisiana Sheriff's Association made a decision to increase the employee contribution rate from 10% to the maximum allowed by statute to 10.25%. This resulted in an actually collected employer contribution rate of 13.89%, among the lowest of the state and statewide systems.

SHERIFFS' PENSION AND RELIEF FUND
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Operational Methods and Required Contribution Rates (Continued)

The rate increase initially set at 14.75% resulted partially from the lingering effects of the recession with the five-year smoothing method still including the results of the worst year of the recession (2009). In addition, the Boards' decision to lower the Fund's target rate of return impacted Fund liabilities and resulted in an increase of .6468% in the Normal Cost Accrual Rate and a resulting increase in the employer contribution rate. Lowering the target rate of return from 8% had a positive actuarial impact for 2013, and has the potential to do so for the long-term future.

After the allocation of .61% for the 2014 contribution rate reduction, the FDA reserves are depleted for the time being, but Plans are to replenish the FDA as favorable conditions permit. In the 2012 legislative session, the Board also sponsored legislation that allows FDA reserves to be used to pre-fund cost of living increases as necessary funds are accumulated. Pre-funding COLAs is the most cost effective method for providing these adjustments to assist retirees.

A positive development for the 2015 required employer contribution rate is the favorable investment returns of 2013, along with savings from the pension reform legislation sponsored by the Board in recent years. This will be discussed later in this analysis. The actuarial valuation for 2013 sets the required contribution rate for fiscal year 2015 beginning July 1, 2014 at 14.25%, a reduction of .50% from the 2014 required rate of 14.75%. As noted earlier, the Funding Deposit Account reserves are depleted for the time being, so no allocation from the FDA will be available to offset the required rate of 14.25%, as we have had during the past four years.

The .50% reduction in the employer contribution rate for the fiscal year beginning July 1, 2014, after four successive years of annual increases in the rate since the recession, potentially represents a downward trend in the required contribution rate for the near-term. This may also provide the Fund with the possibility of assisting retirees with a cost of living adjustment in the near-term. A major factor in stabilizing and possibly reducing required employer contribution rates in the actuarial valuation for the FYE June 30, 2014 is that the worst year of the recession losses incurred in 2009 will be dropped in the 5-year smoothing of gains and losses in setting the rates to be collected beginning July 1, 2015. An equally important factor in this development will depend on favorable investment experience for the current fiscal year ending June 30, 2014, in which the Fund meets or exceeds the current target rate of return of 7.8%. As stated earlier, the general view is that equity markets will be favorable for 2014, but there are many factors that could change that view. The one consistent factor in the investment market is that there are no guarantees.

Pension Reform and Long-Term Liability Management

As we continually move to a more global economy, we expect to encounter positive and negative aspects of this trend. This development brings new investment sources and opportunities for returns if carefully approached and researched, but may also result in increased volatility in the markets from emerging and developing economies as well as geopolitical issues.

SHERIFFS' PENSION AND RELIEF FUND
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Pension Reform and Long-Term Liability Management (Continued)

With this ever changing environment, our Board has focused on the importance of managing assets and risks more broadly to bring the necessary returns, but equally as important, to manage the Fund's long-term liabilities for benefit payments that will be due in the longer-term future.

In 2011 and other recent years, the Board has assumed a leadership role in sponsoring major pension reform affecting benefits promised in the future that has already begun to have a substantial impact in cost savings that will increase over time.

In fiscal year 2012, the reform bill of 2011 was in effect for only 6 months of the year, but the savings of .6228% in the Normal Cost Accrual Rate practically offset the increase in costs resulting from the decrease in the Fund's target rate of return to 7.9% for the first year of implementation of the rate change. For fiscal year 2013, the pension reform savings of .9155% totally offset the cost of .8347% resulting from further reducing the target rate of return to 7.8%, creating a favorable effect on the employer contribution rate. The savings from the reform legislation is expected to continue to grow over time, providing a positive impact on employer contribution rates.

Both of the changes discussed are expected to assist the Fund in times of unfavorable market conditions and recessions that are likely to occur in the future.

Summary and Other Relevant Information

As noted throughout this discussion, the LSPRF has made substantial progress in the growth of total Plan assets, again this year at record highs despite the severity of the last recession. The Board's actions in pension benefit reform of 2011 and other years have already had a positive impact on funding progress and are expected to result in further savings over the long-term. The decision of the Board to create reserves during prior favorable times has helped the Fund to reduce the frozen UAL and helped in the aftermath of the recession to maintain employer contribution rates substantially lower than many of our peers.

The Board employs professional investment consultants and investment managers to maintain a well-diversified investment portfolio and asset allocation designed to assist in risk control as well as benefit during favorable markets. The Fund endeavors to maintain a conservative investment Plan, without the use of strategies that require lengthy lock-up or lengthy illiquid periods and uncertain asset valuation methods.

The Board and staff have worked to improve the educational requirements and professionalism of the staff, and have enhanced technology and operational methods to increase efficiency. Over a period of years, the staff and the Board have worked to provide a succession Plan for senior management, and to develop a highly competent staff that is very responsive to the needs of our members.

SHERIFFS' PENSION AND RELIEF FUND
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Summary and Other Relevant Information (Continued)

In closing, the Fund has made substantial progress over time, and actions taken by the Board to control liabilities for future benefits is expected to further enhance the soundness of the Fund for the future.

Using This Financial Report

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

- Statement of plan net position,
- Statement of changes in plan net position, and
- Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statements of Plan Net Position and Statements of Changes in Plan Net Position on pages 15 and 16 provide information about the activities of the pension funds as a whole. Sheriffs' Pension and Relief Fund is the fiduciary of funds held in trust for sheriffs, deputies, non-commissioned employees of sheriffs' offices throughout the State of Louisiana and employees of the Louisiana Sheriffs' Association and the Sheriffs' Pension Fund office.

The Schedule of Funding Progress on page 44 includes historical trend information about the actuarially funded status of the Fund from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions on page 43 presents historical trend information about the annual required contributions of employers and the contributions made by employers in relation to the required contributions. These schedules provide information that contributes to understanding the changes over time in the funded status of the plan.

Financial Analysis of the Fund

Sheriffs' Pension and Relief Fund's plan net position increased during the year ended June 30, 2013 by \$305,238,172 from \$1,967,024,952. Plan net position for the prior fiscal year increased by \$59,078,500. The current year increase in plan net position was attributable to much more favorable market conditions than the prior fiscal year. This analysis focuses on plan net position (Table 1) and changes in plan net position (Table 2) of the Fund.

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Financial Analysis of the Fund (Continued)

TABLE 1
PLAN NET POSITION
(In Thousands)

	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 2,352,396	\$ 2,029,059
Receivables and prepaid	86,573	109,484
Capital assets	<u>2,539</u>	<u>2,614</u>
Total assets	2,441,508	2,141,157
Total liabilities	<u>169,245</u>	<u>174,132</u>
Plan net position	<u>\$ 2,272,263</u>	<u>\$ 1,967,025</u>

TABLE 2
CHANGES IN PLAN NET POSITION
(In Thousands)

	<u>2013</u>	<u>2012</u>
Additions:		
Contributions	\$ 181,212	\$ 175,324
Net investment income (loss)	257,317	(3,333)
Other	<u>6,874</u>	<u>4,910</u>
Total additions, net of investment losses	<u>445,403</u>	<u>176,901</u>
Deductions:		
Benefits	120,241	98,840
Refunds and transfers	18,250	17,468
Administrative expenses and depreciation	<u>1,674</u>	<u>1,514</u>
Total deductions	<u>140,165</u>	<u>117,822</u>
Changes in plan net position	<u>\$ 305,238</u>	<u>\$ 59,079</u>

Plan net position increased by \$305,238,172 or 15.5% during the year ended June 30, 2013 from \$1,967,024,952. These assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries.

Additions to Plan Net Position

Additions to Sheriffs' Pension and Relief Fund plan net position were derived from member and employer contributions. Member contributions decreased \$43,641 or .07% while employer contributions increased \$4,531,877 or 5.72%. The increase in contributions has continued based on prior legislation enacted which increased the contributions for plan members to 10% and employer contributions to 13.25% of annual covered payroll. The Fund experienced net investment income of \$257,317,117 as compared to net investment loss of \$3,332,876 in the prior year.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2013

Additions to Plan Net Position (Continued)

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Member Contributions	\$ 63,303,194	\$ 63,346,835	\$ (43,641)
Employer Contributions	83,828,612	79,296,735	4,531,877
Insurance Premium Taxes	15,794,377	15,628,206	166,171
Ad Valorem Taxes	17,862,122	16,626,832	1,235,290
State Revenue Sharing	423,457	424,604	(1,147)
Net Investment Income (Loss)	257,317,117	(3,332,876)	260,649,993
Other Additions	6,874,233	4,910,270	1,963,963
Total Additions	<u>\$ 445,403,112</u>	<u>\$ 176,900,606</u>	<u>\$ 268,502,506</u>

Deductions from Plan Net Position

Deductions from plan net position include mainly retirement, death, survivor benefits, refunds and transfers of contributions to other retirement plans and administrative expenses. Deductions from plan net position totaled \$140,164,940 in fiscal year 2013. This is an increase of \$22,342,834 when compared to fiscal year 2012. Retirement benefit payments increased \$21,401,615 and refunds of contributions increased by \$547,578 in fiscal 2013.

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Retirement Benefits	\$ 120,241,247	\$ 98,839,632	\$ 21,401,615
Refunds of Contributions	17,178,422	16,630,844	547,578
Administrative Expenses and Depreciation	1,673,469	1,513,707	159,762
Transfers to Other Systems	1,071,802	837,923	233,879
Total deductions	<u>\$ 140,164,940</u>	<u>\$ 117,822,106</u>	<u>\$ 22,342,834</u>

Investments

The Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of the members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2013 amount to \$2,341,950,302 as compared to \$2,017,002,186 at June 30, 2012, which is an increase of \$324,948,116 or 16.1%. The most significant increase is in stocks as result of favorable market conditions. Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2013 and 2012 fiscal years are indicated in the following table:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Cash Equivalents	\$ 118,859,622	\$ 115,784,308	\$ 3,075,314
Collateral Held Under Securities Lending	12,838,101	22,549,970	(9,711,869)
Bonds	624,746,623	602,004,314	22,742,309
Stocks	1,585,505,956	1,276,663,594	308,842,362
Total	<u>\$ 2,341,950,302</u>	<u>\$ 2,017,002,186</u>	<u>\$ 324,948,116</u>

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Osey McGee, Jr., Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 219-0500.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash (Note 6)	\$ <u>10,445,275</u>	\$ <u>12,056,768</u>
Receivables and prepaid expense:		
Member contributions	4,016,441	4,092,724
Employer contributions	5,324,555	5,128,294
Accrued interest and dividends	4,374,872	4,206,132
Receivable for investments sold	72,698,348	94,996,376
Other receivables and prepaids (Note 14)	<u>158,544</u>	<u>1,060,631</u>
Total receivables and prepaid expense	86,572,760	109,484,157
Investments (at fair value): (Notes 1, 6, 7, 8, 16 and 17)		
Cash equivalents	118,859,622	115,784,308
Collateral held under Securities Lending Program	12,838,101	22,549,970
Bonds	624,746,623	602,004,314
Equities and other investments	<u>1,585,505,956</u>	<u>1,276,663,594</u>
Total investments	2,341,950,302	2,017,002,186
Land, property, plant and equipment: (Notes 1 and 13)		
Building	2,727,329	2,727,329
Land and improvements	92,692	92,692
Furnishings, equipment and vehicles	<u>1,046,515</u>	<u>959,787</u>
	3,866,536	3,779,808
Less: Accumulated depreciation	<u>1,327,251</u>	<u>1,165,754</u>
Total land, property, plant and equipment	<u>2,539,285</u>	<u>2,614,054</u>
Total assets	<u>2,441,507,622</u>	<u>2,141,157,165</u>
LIABILITIES:		
Obligations under Securities Lending Program (Notes 6 and 7)	13,003,236	22,807,354
Payable for investments purchased	149,232,340	137,667,497
Refunds payable	888,396	1,161,056
Other payables	3,724,143	10,398,795
Accounts payable	2,240,012	1,877,620
Pension payable	72,887	143,893
Accrued leave payable	<u>83,484</u>	<u>75,998</u>
Total liabilities	<u>169,244,498</u>	<u>174,132,213</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ <u><u>2,272,263,124</u></u>	\$ <u><u>1,967,024,952</u></u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ADDITIONS:		
Contributions: (Note 3)		
Members	\$ 63,303,194	\$ 63,346,835
Employers	83,828,612	79,296,735
Insurance premium tax	15,794,377	15,628,206
Ad valorem taxes	17,862,122	16,626,832
State revenue sharing	423,457	424,604
Total contributions	<u>181,211,762</u>	<u>175,323,212</u>
Investment income: (Note 1)		
Interest income	18,367,554	19,508,982
Dividend income	14,179,828	11,524,279
Net change in fair value of investments	233,182,237	(26,958,570)
Commission recapture	70,787	1,497
	<u>265,800,406</u>	<u>4,076,188</u>
Less investment expense:		
Investment advisory fees	7,992,580	6,961,681
Custodian fee and bank charges	490,709	447,383
	<u>8,483,289</u>	<u>7,409,064</u>
Net investment income (loss)	<u>257,317,117</u>	<u>(3,332,876)</u>
Other additions:		
Transfers from other retirement systems	6,872,752	4,910,150
Miscellaneous income	1,481	120
Total other additions	<u>6,874,233</u>	<u>4,910,270</u>
Total additions	<u>445,403,112</u>	<u>176,900,606</u>
DEDUCTIONS:		
Benefits	120,241,247	98,839,632
Refund of contributions	17,178,422	16,630,844
Transfers to other retirement systems	1,071,802	837,923
Administrative expenses (Page 41)	1,511,972	1,354,123
Depreciation (Notes 1 and 13)	161,497	159,584
Total deductions	<u>140,164,940</u>	<u>117,822,106</u>
NET CHANGE IN PLAN NET POSITION	305,238,172	59,078,500
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>1,967,024,952</u>	<u>1,907,946,452</u>
END OF YEAR	<u>\$ 2,272,263,124</u>	<u>\$ 1,967,024,952</u>

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

The Sheriffs' Pension and Relief Fund (Fund) is a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association (LSA) and the Sheriffs' Pension and Relief Fund's office.

The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members consisting of a president, secretary-treasurer, three active, participating sheriffs, and three full-time participating deputy sheriffs, three retired sheriffs and three retired deputy sheriffs participating in the Fund, and the chairman of the Senate Finance and House Retirement Committee serve as ex-officio members. The President may be either an active or retired sheriff, elected by the members of the LSA for a term of two years from the date of taking office. Reelection is permissible. At the annual sheriffs' conference, the general membership of the LSA elects one active sheriff and one retired sheriff to serve three-year staggered terms on the Board. Active and retired deputy sheriff members are elected from their respective ranks to three-year staggered terms. The members of the LSA elect the Secretary-Treasurer annually. All candidates for service on the Board of Trustees must complete legislatively required hours of training prior to becoming a candidate. Office personnel and retained professionals serve as authorized by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by of GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards.

Basis of Accounting:

The Fund's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest and dividend income is recognized when earned. Ad valorem taxes and state revenue sharing monies are recognized in the year appropriated by the legislature. Insurance premium tax income is recorded in the fiscal year for which it is allocated.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments:

Investments are reported at fair value. Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership.

Property, Plant and Equipment:

Property, plant and equipment are accounted for and capitalized in the Fund. Depreciation of these assets is recorded as an expense in the Fund. The assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Vehicles	5 years
Office furniture and equipment	3-10 years

2. PLAN DESCRIPTION:

The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The Sheriffs' Pension and Relief Fund received a favorable determination from the IRS regarding its status as a qualified plan in August 1995. The determination applied to plan years beginning after December 31, 1988.

The Sheriffs' Pension and Relief Fund, State of Louisiana, provides retirement benefits for employees of sheriffs' offices throughout the State of Louisiana. There are sixty-four contributing sheriff offices, with employees of the Louisiana Sheriffs' Association office and the Fund's staff also contributing. At June 30, 2013 and 2012 statewide retirement membership consisted of:

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION: (Continued)

	<u>2013</u>	<u>2012</u>
Current retirees and beneficiaries	4,293	3,922
Members, terminated with deferred vested benefits	343	350
Members, terminated, nonvested with contributions remaining on deposit with the fund	5,069	5,056
Fully vested, partially and nonvested active employees covered	<u>14,559</u>	<u>14,231</u>
 TOTAL PARTICIPANTS AS OF THE VALUATION DATE	 <u>24,264</u>	 <u>23,559</u>

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 et seg. which specifically pertains to the Sheriffs' Pension Fund, and 11:11 et seg. which governs all public retirement systems in Louisiana.

Eligibility Requirements:

Membership in the Fund is required for all eligible sheriffs and deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Change in Plan Provisions:

Legislative changes enacted during the fiscal year ended June 30, 2013 are as follows:

- a) Extended the amount of service credit required in the Fund before being eligible to transfer service from another public retirement system from six months to one year.
- b) Provided for anti-spiking provisions for members hired on or after July 1, 2013. Under these provisions, salary increases for purposes of retirement benefit calculation are capped at 15% over any twelve month period within the final sixty months of consecutive or joined service.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits:

For members who become eligible for membership on or before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

For members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service; the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the sixty month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve month period within the sixty month period shall not exceed 115% of the preceding twelve month period.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION: (Continued)

Cost of Living Increases:

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of between 2% and 3% of their current benefit, (not less than twenty dollars per month). When such a cost of living increase is granted in any fiscal year, no such cost-of-living increase may be granted in the immediately following fiscal year. Members retiring on or after July 1, 2007, who have not attained the age of sixty years, may not receive this cost-of-living increase until they have been retired for three years. Those who have attained the age of sixty years may not receive this cost-of-living increase until they have been retired for one year. Different waiting periods applied to retirements prior to July 1, 2007. In addition, the Board may grant retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit (or the benefit being received on October 1, 1977 if retirement had commenced prior to that date). In order for the Board to grant either of these increases, the Fund must meet certain criteria in the statutes related to funding status and interest earnings. In lieu of these cost of living adjustments, the Board may also grant an increase in the form of " $X(A+B)$ " where "X" is any amount up to \$1 per month and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase. The Board may only grant such COLA's in years in which the Fund meets certain funding and investment earnings targets.

Deferred Benefits:

The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

Disability Benefits:

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits:

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of \$150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Contribution Refunds:

Upon withdrawal from service, members not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

Back Deferred Retirement Option Plan (Back-DROP):

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. The member's DROP and Back-DROP balances left on deposit are managed by a third party, fixed income investment manager, see Note 8. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members were established by the Board of Trustees for the years ended June 30, 2013 and 2012. The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. The employee contribution rate for the years ended June 30, 2013 and 2012 was 10% of payroll. Contributions are deducted from the member's salary and remitted monthly by the participating parish.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the year ended June 30, 2013, the employers contributed 13.25% of members' salaries with an additional .50% allocated from the Funding Deposit Account. For the year ended June 30, 2012, the employers contributed 12.5% of members' salaries with an additional 1.25% allocated from the Funding Deposit Account. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1419.

Administrative costs of the Fund are financed through employer contributions.

Reserves:

Use of the term "reserve" by the Fund indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor eligible for a benefit, the member's accumulated contributions are transferred from the Annuity Savings to the Annuity Reserve. When a member retires, his accumulated contributions are transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2013 and 2012 is \$494,372,829 and \$480,328,643, respectively. The Annuity Savings was fully funded at June 30, 2013 and 2012.

B) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not included in other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. Also included within this reserve is a funding deposit account created by Act 247 of the 2009 Legislative Session. It consists of

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) Pension Accumulation Reserve: (Continued)

surplus funds collected to be credited to the account for any fiscal year ending on or after December 31, 2008, in which the Board of Trustees elects to set the direct employer contribution rate higher than the minimum recommended rate. The funds will earn interest at the board-approved actuarial valuation rate, and the interest will be credited once a year. The balance in the funding deposit account that is included in the Pension Accumulation Fund as of June 30, 2013 and 2012 was \$3,689,049 and \$6,448,956, respectively. The Board may direct the funds for the following purposes: (1) to reduce the unfunded accrued liability, (2) to reduce the present value of future normal costs, (3) to pay all or a portion of any future net direct employer contributions. The Pension Accumulation Reserve at June 30, 2013 and 2012 was \$712,892,895 and \$738,743,863, respectively. The Pension Accumulation Reserve was fully funded and 81% funded at June 30, 2013 and 2012, respectively.

C) Annuity Reserve:

The Annuity Reserve is the reserve for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2013 and 2012 was \$1,047,777,051 and \$878,491,005, respectively. The Annuity Reserve was fully funded at June 30, 2013 and 2012, respectively.

D) Deferred Retirement Option Plan:

The Deferred Retirement Option Plan consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. Members participate in the program for up to three or four years, and upon termination receive benefits in a lump sum payment or annuity. The deferred retirement option plan as of June 30, 2013 and 2012 was \$11,587,703 and \$11,402,808, respectively. The Deferred Retirement Option account was fully funded at June 30, 2013 and 2012, respectively.

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. The provisions of Louisiana R.S. 11:103 require that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 3.5% per year.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. FUNDED STATUS AND FUNDING PROGRAM:

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Frozen Attained Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$ 2,203,646,722	\$ 2,266,630,478	\$ 62,983,756	97.22%	\$ 622,720,506	10.11%

The schedules of funding progress presented as required supplementary information (RSI) on pages 44-45 following the notes to financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL).

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Frozen Attained Age Normal Actuarial Cost Method.
Amortization Method	In accordance with state statute, the payment amounts increase at 3.5% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis)
Remaining Amortization Period	16 years
Actuarial Asset Values:	
Bonds and Equities	The actuarial value of assets is based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
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5. FUNDED STATUS AND FUNDING PROGRAM: (Continued)

Actuarial Assumptions:

Investment Rate of Return	7.8%
Projected Salary Increases	6% (3.25% Inflation, 2.75% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Changes in Valuation

Methods and Assumptions	The valuation interest rate was lowered from 7.9% to 7.8% beginning June 30, 2013.
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In accordance with GASB 25, information in the Required Supplementary Schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on pages 44-45.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Deposits (bank balance)	\$ 11,510,890	\$ 12,967,594
Cash equivalents	118,859,622	115,784,308
Investments	<u>2,223,090,680</u>	<u>1,901,217,878</u>
	<u>\$ 2,353,461,192</u>	<u>\$ 2,029,969,780</u>

Deposits:

At June 30, 2013 and 2012, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in the Fund's name.

SHERIFFS' PENSION AND RELIEF FUND
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JUNE 30, 2013 AND 2012

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Cash Equivalents:

At June 30, 2013 and 2012, cash equivalents in the amount of \$108,676,715 and \$106,412,160, respectively, consisted of government backed pooled funds. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the Fund's custodian's trust department. At June 30, 2013 and 2012, cash equivalents also included amounts invested in the Louisiana Asset Management Pool totaling \$10,182,907 and \$9,372,148, respectively. (See Note 8)

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:263, the Prudent-Man rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall not invest more than sixty-five percent of the total portfolio in equity investments.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to a lack of diversification. The Fund's investment policy establishes concentration limits for certain types of investments as a means of managing risk. Following is a summary of certain limits included in the Fund's policy:

- a) Short-term investments may not exceed 5% of each manager's assigned portfolio allocation without Board approval.
- b) Maximum single stock ownership shall not exceed 7% and 5%, respectively, of each manager's portfolio for domestic and international equities.
- c) Maximum single bond ownership shall not exceed 5% of each manager's portfolio, excluding securities issued or guaranteed by the U. S. Government, its Agencies, or Government Sponsored Enterprises or securities or loans collateralized by such investments.
- d) Mortgages, as a percentage of each advisor's fixed income portfolio at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Barclay's Aggregate index. Collateralized mortgage obligations shall not exceed 15% of each advisor's fixed income portfolio at market value.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Concentration of Credit Risk: (Continued)

At June 30, 2013 and 2012, there were no investments in any one organization which represented 5% of plan net position.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2013.

Average Quality Rating	2013				
	Corporate Bonds	Mortgage Backed/ Collateralized Mortgage Obligations	U.S. Government	Other	Total
AAA	\$ 2,148,606	\$ 24,435,965	\$ 272,744,504	\$ 3,036,624	\$ 302,365,700
AA	269,416	1,624,785	6,291,524	8,056,068	16,241,793
A	2,898,984	758,238	15,183,465	29,370,654	48,211,340
BAA	10,189,772	524,822	15,358,233	70,839,599	96,912,426
BA	244,688	2,242,521	2,548,786	13,589,237	18,625,231
B	1,220,488	1,256,586	620,400	7,460,356	10,557,830
CAA	158,168	318,458	-	-	476,626
CA	-	237,007	-	-	237,007
C	-	6,327	-	519,415	525,742
Not Rated	<u>215,520</u>	<u>4,632,302</u>	<u>122,333,152</u>	<u>3,411,954</u>	<u>130,592,928</u>
	<u>\$ 17,345,642</u>	<u>\$ 36,037,011</u>	<u>\$ 435,080,064</u>	<u>\$ 136,283,906</u>	<u>\$ 624,746,623</u>

Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2012.

Average Quality Rating	2012				
	Corporate Bonds	Mortgage Backed/ Collateralized Mortgage Obligations	U.S. Government	Other	Total
AAA	\$ 3,829,981	\$ 17,377,477	\$ 256,003,743	\$ 5,567,556	\$ 282,778,757
AA	4,062,395	2,888,024	9,066,566	2,889,883	18,906,868
A	20,704,749	995,008	16,724,664	10,536,891	48,961,312
BAA	75,671,899	152,562	12,179,607	8,952,628	96,956,696
BA	10,912,888	534,599	2,718,017	241,864	14,407,368
B	9,279,540	2,706,586	295,900	335,852	12,617,878
CAA	-	1,131,135	285,000	-	1,416,135
CA	-	251,786	-	-	251,786
C	-	-	525,010	-	525,010
Not Rated	<u>312,344</u>	<u>3,140,661</u>	<u>118,632,355</u>	<u>3,097,144</u>	<u>125,182,504</u>
	<u>\$ 124,773,796</u>	<u>\$ 29,177,838</u>	<u>\$ 416,430,862</u>	<u>\$ 31,621,818</u>	<u>\$ 602,004,314</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

All security types included in the benchmark (Barclays Aggregate Bond Index) are candidates for purchase and placement in the bond portfolio. Bond portfolios must have a minimum average quality rating of A. Securities must be rated Baa3/BBB- by at least two of the major rating agencies at the time of the purchase. Any security that falls below Baa3/BBB- rating by any of the major rating agencies must be sold within 90 days of the downgrade announcement. The investment manager must contact the consultant and/or investment committee for approval should they wish to hold the security beyond 90 days.

Derivatives are limited to the use of U.S. Treasury bond futures, primarily for the purpose of adjusting fixed income duration. The use of futures shall not cause asset class policy ranges to be exceeded, or cause the total fund to be leveraged. The net notional principal amounts outstanding of all derivative investments, expressed in terms of the value of the underlying position, shall not exceed 15% of the market value of the Fund. All derivatives positions must be incorporated into the overall portfolio market values and risk measures.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2013 and 2012 for investments and cash equivalents in the amount of \$2,329,112,201 and \$1,994,452,216, respectively, since the investments and cash equivalents are held in the name of the Fund. At June 30, 2013 and 2012, collateral held under securities lending in the amount of \$12,838,101 and \$22,549,970, respectively, and non-cash collateral received under the securities lending program in the amount of \$76,726,272 and \$88,897,236, respectively, was exposed to custodial credit risk since these investments are not held in the name of the Fund. These securities are held in the name of a counterparty or counterparty's trust department or agent.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2013 and 2012 as follows:

Currency	Fair Value	
	2013	2012
Australian dollar	\$ 1,674,544	\$ 3,281,248
Brazil real	-	302,458
British pound sterling	5,936,537	5,125,106
Canadian dollar	13,342	8,314
Danish krone	416,211	611,240
European euro	16,121,380	15,737,181
Hong Kong dollar	816,277	259,631

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

Currency	Fair Value	
	2013	2012
Japanese yen	\$ 13,122,956	\$ 6,822,884
New Zealand dollar	3,626	33,214
Norwegian krone	713,602	331,315
Singapore dollar	1,451	192,407
Swedish krona	1,643,825	1,563,956
Swiss franc	2,508,368	1,729,211
South African rand	-	1
	<u>\$ 42,972,119</u>	<u>\$ 35,998,166</u>

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2013 and 2012, the Fund had the following investments in long-term debt securities and maturities:

Investment Type	2013				
	Fair Value	Less Than 1	1 – 5	6 – 10	Greater Than 10
U.S. Government and Government agency obligations	\$ 435,080,064	\$ 76,715,211	\$ 118,536,483	\$ 75,331,173	\$ 164,497,197
Other Bonds:					
Corporate bonds	17,345,642	2,391,577	10,265,111	3,873,314	815,640
Mortgage-backed securities and collateralized mortgage obligations	36,037,012	11,438,096	2,135,743	4,298,230	18,164,943
Other	<u>136,283,905</u>	<u>11,611,210</u>	<u>54,506,925</u>	<u>43,432,581</u>	<u>26,733,189</u>
	<u>\$ 624,746,623</u>	<u>\$ 102,156,094</u>	<u>\$ 185,444,262</u>	<u>\$ 126,935,298</u>	<u>\$ 210,210,969</u>
Collateral held under Securities Lending Program	<u>\$ 22,549,970</u>	<u>\$ 22,549,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment Type	2012				
	Fair Value	Less Than 1	1 – 5	6 – 10	Greater Than 10
U.S. Government and Government agency obligations	\$ 416,430,862	\$ 88,157,636	\$ 76,104,494	\$ 63,525,069	\$ 188,643,663
Other Bonds:					
Corporate bonds	124,773,796	8,650,431	35,977,400	56,463,286	23,682,679
Mortgage-backed securities and collateralized mortgage obligations	29,177,838	5,106,872	283,230	1,277,383	22,510,353
Other	<u>31,621,818</u>	<u>3,186,497</u>	<u>8,577,801</u>	<u>14,940,463</u>	<u>4,917,057</u>
	<u>\$ 602,004,314</u>	<u>\$ 105,101,436</u>	<u>\$ 120,942,925</u>	<u>\$ 136,206,201</u>	<u>\$ 239,753,752</u>
Collateral held under Securities Lending Program	<u>\$ 22,549,970</u>	<u>\$ 22,549,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

The Fund invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

7. SECURITIES LENDING AGREEMENT:

State statutes and board of trustee policies authorize the Fund to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Fund is allowed to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund enters into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets. The agent lends available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans is required to be 102% of the market value of the loaned securities plus accrued income. As a result of the required collateralization percentage, the Fund has no credit risk. The lending agent and the Fund enter into contracts with all approved borrowers. In the case of security loans in which the collateral received by the Fund is cash, the value of the amount invested is reported as an asset with a corresponding liability for the value of the collateral. When the Fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the Fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the Statement of Plan Net Assets and in Note 6. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of the Fund) in approved investments outlined in the contract between the agent and the Fund. Acceptable collateral from approved borrowers for repurchase agreements (including tri-party) is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract.

The market value (carrying value) of the securities on loan by the Fund was as follows:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
U. S. Government Securities	\$ 68,174,427	\$ 82,338,902
Corporate Bonds	10,748,551	10,387,293
Marketable Securities	<u>8,646,983</u>	<u>16,746,277</u>
	<u>\$ 87,569,961</u>	<u>\$ 109,472,472</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

7. SECURITY LENDING AGREEMENT: (Continued)

The contracts with the lending agent require the lending agent to indemnify the Fund from any and all claims, actions, demands or lawsuits of any kind whatsoever resulting from the lending agent's gross negligence or willful misconduct in its administration of the program and to replace loaned securities not returned to the Fund for any reason.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral by investing only in repurchase agreements with maturities of one to two days.

The information was not available to compute the gross amount of interest income earned and interest expense incurred from security lending transactions. The net amount of income received from the transactions is recorded in the financial statements in investment income.

8. LOUISIANA ASSET MANAGEMENT POOL:

Investments held at June 30, 2013 and 2012 include \$10,182,907 and \$9,372,148, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAAm by Standard and Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

SHERIFFS' PENSION AND RELIEF FUND
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8. LOUISIANA ASSET MANAGEMENT POOL: (Continued)

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: The weighted average maturity of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 367 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

9. EMPLOYEES DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The Board of Trustees has authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The contributions for the years ended June 30, 2013 and 2012 totaled \$34,182 and \$27,869, respectively.

All assets and income are held in a custodial trust account for the exclusive benefit of the participants and their beneficiaries.

10. ANNUAL AND SICK LEAVE:

Employees' leave is accrued at rates of 12 to 20 days per year depending upon length of service. Upon separation employees are compensated for accumulated annual leave, up to a maximum of 60 days. Employees are not compensated for accumulated sick leave upon termination.

The liability for annual leave accrued at June 30, 2013 and 2012 is \$83,484 and \$75,998, respectively.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
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JUNE 30, 2013 AND 2012

11. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

12. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

13. PROPERTY AND EQUIPMENT:

A summary of changes in property and equipment follows:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2013</u>
Land and building	\$ 2,820,021	\$ -	\$ -	\$ 2,820,021
Vehicles	31,085	-	-	31,085
Office furniture and equipment	<u>928,702</u>	<u>86,728</u>	<u>-</u>	<u>1,015,430</u>
Total	<u>\$ 3,779,808</u>	<u>\$ 86,728</u>	<u>\$ -</u>	<u>\$ 3,866,536</u>

Depreciation expense for the years ended June 30, 2013 and 2012 totaled \$161,497 and \$159,584, respectively.

14. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaids at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Other receivables:		
Pension	\$ 108,737	\$ 18,428
Taxes	-	856,850
Other	<u>39,086</u>	<u>175,448</u>
Total other receivables	147,823	1,050,726
Prepaid expenses	<u>10,721</u>	<u>9,905</u>
Total	<u>\$ 158,544</u>	<u>\$ 1,060,631</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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14. OTHER RECEIVABLES AND PREPAIDS: (Continued)

Pension receivable represents amounts that were determined to have been paid for benefits that were not due to the recipient. Amounts due are generally established through legal judgments. Taxes receivable represent ad valorem and revenue sharing taxes due from parishes.

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Fund's retired employees continue their life insurance and continue to receive health insurance benefits at various percentages of the Fund's cost.

Substantially all of the Fund's employees become eligible for postemployment health care, life insurance and dental benefits if they reach normal retirement age while working for the Fund. These benefits for retirees and similar benefits for active employees are provided through the Louisiana Sheriffs Association whose premiums are paid jointly by the employee and the Fund. At June 30, 2013 and 2012, 5 retirees were receiving postemployment benefits.

Plan Description

The Plan is required to comply with House Bill 253, Act 314 of 1999 which provides that the premium costs of group hospital, surgical, medical expenses, and dental insurance and the first \$10,000 of life insurance contracted under the provisions of the bill shall be paid in full from the sheriffs' general fund for all sheriffs and deputy sheriffs retired with a minimum of fifteen years of service and fifty-five years of age. The Fund's employees may participate in the Louisiana Sheriffs' Association employee benefit plan, an agent multi-employer plan, which provides welfare and dental benefits. The insurance advisory committee of the Louisiana Sheriffs' Association is the plan administrator. The participating sheriffs and participants make the necessary contributions to fund the Plan. Plan assets are held under the Louisiana Sheriffs' Association Group Benefits Trust. The Louisiana Sheriffs' Association did not have an actuarial valuation prepared for the Plan as of June 30, 2013 and 2012. Benefits are paid from the trust fund. The Plan's fiscal year ends on June 30th of each year.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Funding Policy

The Plan is currently financed on a pay as you go basis. The Fund contributed \$343 per month for retiree-only coverage with Medicare or \$503 per month for retiree-only coverage without Medicare during the year ended June 30, 2013. The Fund's contribution was \$601 per month for retiree and spouse with Medicare or \$918 per month for retiree and spouse without Medicare during the year ended June 30, 2013.

The Fund contributed \$317 per month for retiree-only coverage with Medicare or \$465 per month for retiree-only coverage without Medicare during the year ended June 30, 2012. The Fund's contribution was \$557 per month for retiree and spouse with Medicare or \$850 per month for retiree and spouse without Medicare during the year ended June 30, 2012.

For the years ended June 30, 2013 and 2012, the Plan also provided dental coverage with the Fund contributing \$16 per month for an employee only and up to \$42 per month for an employee and family members.

Annual OPEB Cost

The Fund's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The entry age actuarial cost method and the level percentage of payroll amortization method, open period, was used to calculate the ARC. The total ARC for the fiscal years ending June 30, 2013 and 2012 is \$55,336 and \$51,085, respectively, as set forth below:

	<u>2013</u>	<u>2012</u>
Normal Cost	\$ 25,264	\$ 21,511
30-year UAL amortization amount	<u>30,072</u>	<u>29,574</u>
Annual required contribution (ARC)	<u>\$ 55,336</u>	<u>\$ 51,085</u>

The following table presents the Fund's OPEB obligation for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Beginning Net OPEB Obligation July 1	\$ 122,816	\$ 98,742
Annual required contribution	55,336	51,085
Interest on net OPEB obligation	7,983	6,912
Adjustment to ARC	<u>(4,400)</u>	<u>(3,795)</u>
OPEB cost	58,919	54,202
Age Adjusted Contributions made	<u>(31,301)</u>	<u>(30,128)</u>
Change in Net OPEB Obligation	<u>27,618</u>	<u>24,074</u>
Ending Net OPEB Obligation June 30	<u>\$ 150,434</u>	<u>\$ 122,816</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

The following table shows the Fund's annual other postemployment benefits (OPEB) cost, percentage of the cost contributed utilizing the pay-as-you-go method, and the net unfunded other postemployment benefits (OPEB) liability:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 58,919	56.6%	\$ 150,434
June 30, 2012	54,202	55.6	122,816
June 30, 2011	55,999	42.5	98,742

Funded Status and Funding Progress

Other than credited age adjusted contributions, the Fund made no contributions to its postemployment benefits plan. The Plan was not funded at all, has no assets, and hence has a funded ratio of zero. Since the Plan was not funded, the entire actuarial accrued liability of \$791,887 and \$726,015 at June 30, 2013 and 2012, respectively, was unfunded.

The funded status of the Plan as of June 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Actuarial accrued liability (AAL)	\$ 791,887	\$ 726,015
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 791,887	\$ 726,015
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 711,019	\$ 642,629
UAAL as a percentage of covered payroll	111.37%	112.98%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Methods and Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the Sheriffs' Pension and Relief Fund has fewer than 100 Plan members, it qualified to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted under GASB guidelines.

The following key assumptions were used in the AMM valuation dated June 30, 2013 and 2012:

<u>Description</u>	<u>Assumption Used</u>
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Employer Asset Return	6.5%
Discount Rate	6.5%
Projected Salary Increases	6.0%
Average Retirement Age	67
Mortality Table	RP2000 Mortality Table for Males and Females projected 10 years
Turnover Assumptions	Standard Turnover Assumptions GASB 45 Paragraph 35b
Health Care Cost Trends:	
Health	9%
Pharmacy	8%
Dental	4%
Vision	3%

In accordance with GASB 45, information in the Required Supplementary Schedule on page 45 is designed to provide historical information related to the postemployment healthcare and life insurance benefits provided.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

16. FUNDS OF FUNDS:

During the years ended June 30, 2013 and 2012, the Fund had investments in funds of funds as follows:

- a) Pinehurst Institutional Ltd. – the company was formed as a feeder fund that invests in an affiliated master fund. The primary objective of the company is to engage in the business of trading financial instruments. At June 30, 2013 and 2012, the Fund had investments of \$54,067,306 and \$42,042,953, respectively, in the company.
- b) Russell Emerging Markets Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to invest in emerging equity markets worldwide. At June 30, 2013 and 2012, the Fund had investments of \$32,482,812 and \$31,123,910, respectively, in the company.
- c) Russell Commodities Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to provide exposure to commodities markets. At June 30, 2013 and 2012, the Fund had investments of \$40,489,316 and \$34,767,503, respectively, in the company.

17. INVESTMENTS IN PARTNERSHIPS:

During the years ended June 30, 2013 and 2012, the Fund had investments in partnerships as follows:

- a) Blackstone Park Avenue Non-Taxable Fund L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2013 and 2012, the Fund had investments of \$16,659,543 and \$11,200,628, respectively in the partnership.
- b) BPIF Non-Taxable L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2013 and 2012, the Fund had investments of \$30,187,919 and \$23,928,663, respectively in the partnership.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013				
	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION RESERVE	DEFERRED RETIREMENT OPTION PLAN (DROP)	SURPLUS (UNFUNDED) ACTUARIAL LIABILITY
BALANCES - BEGINNING OF YEAR	\$ 878,491,005	\$ 480,328,643	\$ 738,743,863	\$ 11,402,808	\$ (141,941,367)
REVENUES INVESTMENTS INCOME AND TRANSFERS:					
Contributions	-	63,303,194	117,908,568	-	-
Net income (loss) from investments	-	-	257,306,348	10,769	-
Miscellaneous income	-	-	1,481	-	-
Annuities derived from accumulated savings and DROP	40,688,336	-	-	-	-
Contributions for purchased or transferred services	-	1,523,001	5,349,751	-	-
DROP other changes, net	-	-	-	-	-
Transfer of post-DROP contributions	-	-	-	3,030,468	-
Transfer of DROP recinds	-	52,447	235,271	-	-
DROP pensions accumulated from Annuity Reserve	-	-	-	24,159,441	-
Actuarial transfer	256,333,103	-	-	-	147,574,013
Total revenues investment income and transfers	297,021,439	64,878,642	380,801,419	27,200,678	147,574,013
EXPENSES AND TRANSFERS:					
Retirement allowances paid during the period	103,575,952	-	-	-	-
Transfer to Annuity Reserve	-	30,625,566	-	10,062,770	-
Transfer of post-DROP contributions	-	3,030,468	-	287,718	-
Transfer of DROP recinds	-	-	-	-	-
Refunds to members	-	17,178,422	-	-	-
Administrative expenses and depreciation	-	-	1,673,469	-	-
DROP other changes, net	-	-	-	-	-
Funds transferred to other systems	-	-	1,071,802	-	-
Pensions paid into DROP	24,159,441	-	-	-	-
Pensions paid out of DROP	-	-	-	16,665,295	-
Actuarial transfer	-	-	403,907,116	-	-
Total expenses and transfers	127,735,393	50,834,456	406,652,387	27,015,783	-
Net change	169,286,046	14,044,186	(25,850,968)	184,895	147,574,013
BALANCES - END OF YEAR	\$ 1,047,777,051	\$ 494,372,829	\$ 712,892,895	\$ 11,587,703	\$ 5,632,646

JUNE 30, 2012

<u>TOTAL</u>	<u>ANNUITY RESERVE</u>	<u>ANNUITY SAVINGS</u>	<u>PENSION ACCUMULATION RESERVE</u>	<u>DEFERRED RETIREMENT OPTION PLAN (DROP)</u>	<u>UNFUNDED ACTUARIAL LIABILITY</u>	<u>TOTAL</u>
\$ 1,967,024,952	\$ 804,377,182	\$ 449,910,149	\$ 738,853,947	\$ 10,865,127	\$ (96,059,953)	\$ 1,907,946,452
181,211,762	-	63,346,835	111,976,377	-	-	175,323,212
257,317,117	-	-	(3,345,203)	12,327	-	(3,332,876)
1,481	-	-	120	-	-	120
40,688,336	18,562,389	-	-	-	-	18,562,389
6,872,752	-	901,458	4,008,692	-	-	4,910,150
-	-	-	-	-	-	-
3,030,468	-	-	-	1,616,148	-	1,616,148
287,718	-	43,761	276,354	-	-	320,115
24,159,441	-	-	-	11,558,148	-	11,558,148
403,907,116	156,556,208	-	-	-	-	156,556,208
917,476,191	175,118,597	64,292,054	112,916,340	13,186,623	-	365,513,614
103,575,952	89,446,626	-	-	-	-	89,446,626
40,688,336	-	15,626,568	-	2,935,821	-	18,562,389
3,318,186	-	1,616,148	-	320,115	-	1,936,263
-	-	-	-	-	-	-
17,178,422	-	16,630,844	-	-	-	16,630,844
1,673,469	-	-	1,513,707	-	-	1,513,707
-	-	-	-	-	-	-
1,071,802	-	-	837,923	-	-	837,923
24,159,441	11,558,148	-	-	-	-	11,558,148
16,665,295	-	-	-	9,393,006	-	9,393,006
403,907,116	-	-	110,674,794	-	45,881,414	156,556,208
612,238,019	101,004,774	33,873,560	113,026,424	12,648,942	45,881,414	306,435,114
305,238,172	74,113,823	30,418,494	(110,084)	537,681	(45,881,414)	59,078,500
\$ 2,272,263,124	\$ 878,491,005	\$ 480,328,643	\$ 738,743,863	\$ 11,402,808	\$ (141,941,367)	\$ 1,967,024,952

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Building maintenance	\$ 10,718	\$ 8,306
Computer services	38,356	41,205
Equipment maintenance	27,639	29,867
Equipment rental	4,600	4,380
Group medical and bond insurance	157,241	139,129
Janitorial, garage, yard	19,911	21,550
Leases - office equipment	8,599	9,291
Medical fees - members	11,153	3,376
Members education	979	5,724
Miscellaneous	-	2,853
Office supplies and expense	73,745	85,085
Payroll taxes	14,095	13,017
Professional development	1,293	2,269
Professional retainers and legal fees	200,074	184,911
Salaries and related cost	786,064	713,249
Security	5,641	5,321
Telephone	16,247	15,079
Travel - Board and Committee meeting expenses	32,907	15,199
Travel - LSA conferences	29,382	14,590
Travel - Trustee educational ¹	40,714	9,054
Utilities	<u>32,614</u>	<u>30,668</u>
Total administrative expenses	<u>\$ 1,511,972</u>	<u>\$ 1,354,123</u>

¹Each calendar year, the Sheriffs' Pension Pension Fund is required by law to provide our trustees with a certain number of educational hours. During the fiscal year ended 2013, the Fund incurred travel expenses for trustee education to meet the requirements for both calendar years 2012 and 2013. The Fund met the requirements for calendar year 2012 prior to the deadline of August 31, 2012, falling into the fiscal year ended June 30, 2013. For calendar year 2013, the Fund conducted sessions earlier in the year, training in March and June. The timing of the sessions resulted in expenses for both calendar years being paid in the 2013 fiscal year. We expect this expense to be reduced for the fiscal year ending 2014.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>			<u>2012</u>		
	Travel			Travel		
	<u>Per Diem</u>	<u>Reimbursement</u>	<u>Total</u>	<u>Per Diem</u>	<u>Reimbursement</u>	<u>Total</u>
Wayne F. McElveen	\$ 1,425	\$ 1,921	\$ 3,346	\$ 1,125	\$ 1,744	\$ 2,869
J.R. Oakes	-	-	-	150	603	753
Graham Hendricks	1,125	2,037	3,162	525	1,067	1,592
Calvin McFerrin	-	781	781	-	1,104	1,104
Laura Endsley	-	-	-	675	1,623	2,298
William E. Hilton	-	-	-	750	1,378	2,128
Donald L. Rittenberry	2,025	5,642	7,667	-	-	-
Harold Turner	<u>750</u>	<u>2,423</u>	<u>3,173</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,325</u>	<u>\$ 12,804</u>	<u>\$ 18,129</u>	<u>\$ 3,225</u>	<u>\$ 7,519</u>	<u>\$ 10,744</u>

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2008 THROUGH 2013

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2008	\$ 38,271,238	\$ 26,521,286	154.45 %	104.02 %
2009	49,376,428	29,074,911	130.06	102.16
2010	74,606,879	31,433,066	90.82	97.46
2011	84,285,855	31,652,175	90.16	100.48
2012	88,296,214	32,073,791	89.81	101.89
2013	91,591,826	33,520,517	91.52	101.76

Note:

Effective in the 2009 fiscal year, the Board of Trustees set the direct employer contribution rate higher than the minimum recommended rate. This resulted in excess contributions designated to a funding deposit account totaling \$3,689,049 and \$6,448,956 as of June 30, 2013 and 2012, respectively.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - PENSION PLAN
JUNE 30, 2008 THROUGH 2013

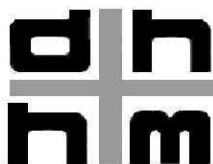
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2008	\$ 1,628,303,910	\$ 1,702,582,378	\$ 74,278,468	95.64 %	\$ 537,082,456	13.83 %
June 30, 2009	1,608,228,363	1,681,075,062	72,846,699	95.67	577,078,980	12.62
June 30, 2010	1,773,450,705	1,844,493,001	71,042,296	96.15	603,250,449	11.78
June 30, 2011	1,935,179,988	2,004,006,405	68,826,417	96.57	623,084,570	11.05
June 30, 2012	2,042,809,526	2,108,966,319	66,156,793	96.86	611,139,881	10.83
June 30, 2013	2,203,646,722	2,266,630,478	62,983,756	97.22	622,720,506	10.11

SHERIFFS' PENSION AND RELIEF FUND
 STATE OF LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT HEALTHCARE
 AND LIFE INSURANCE BENEFITS
JUNE 30, 2011 THROUGH 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ -	\$ 704,993	\$ 704,993	- %	\$ 657,529	107.22 %
June 30, 2012	-	726,015	726,015	-	642,629	112.98
June 30, 2013	-	791,887	791,887	-	711,019	111.37

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 18, 2013

Board of Trustees
Sheriffs' Pension and Relief Fund
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sheriffs' Pension and Relief Fund, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriffs' Pension and Relief Fund's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriffs' Pension and Relief Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Sheriffs' Pension and Relief Fund, State of Louisiana for the year ended June 30, 2013 and 2012 was unmodified.
2. Internal Control:

Material weaknesses: None noted
Significant deficiencies: None noted
3. Compliance and Other Matters:

Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None